



TFSA Investors: The 3 Best TSX Stocks to Buy and Hold Forever

Description

If you are looking to build wealth over your lifetime, you can't find a better option than through your Tax-Free Savings Account (TFSA). Why, you might ask? Well, there is no other place in Canada where investors can put their money, invest, and pay no taxes on dividends, interest, income, and gains earned. As a result, the TFSA is the perfect place to maximize investment returns over your life.

The best way to ensure your TFSA portfolio is successful is to [buy great companies at fair valuations](#) and then hold them forever. Here are my three favourite TSX stocks to buy and hold in a TFSA forever.

This TSX telecom stock isn't done

Although **Telus** ([TSX:T](#))([NYSE:TU](#)) stock may have already seen its best returns over the past 20 years, I think it is still a great staple stock for a long-term TFSA portfolio. Canadians are more dependent on their cellular, data, and internet coverage than ever before. This will become even more significant, as 5G rolls out across the world. Telus is in strong position to benefit.

Telus has begun to diversify its operations, particularly in digital services. It has moved into international digital/IT services, digital health, agriculture, and security and smart home automation. Telus Health is actually Canada's largest digital healthcare platform. It produces almost \$1 billion of revenue per year! Telus is no longer just a phone and internet business. It is becoming a leader in digital services of the future. I think that could propel growth over its peers for the many years to come.

Also, the stock pays a well-covered 4.9% dividend that should grow by 7-10% over the next two years. All in all, Telus is one stock you can hold safe and sound in your TFSA for just about ever.

Sleep well with this TFSA stock

Another sleep-at-night TFSA stock is **Algonquin Power** ([TSX:AQN](#))([NYSE:AQN](#)). It owns and operates mixed utilities and renewable power projects, primarily in the United States. This company has experienced some modest revenue disruption due to the pandemic; however, it continues to make

strong progress on its \$9.2 billion growth plan.

It recently agreed to purchase water and electric utility assets in New York, [Chile](#), and Bermuda. Likewise, it has signed contracts for 490 MW of wind power, 80 MW of solar power, and a 500 MW co-development deal with **Chevron** to source renewable power projects.

Due to the contracted or regulated nature of its assets, its cash flows are very consistent and stable. Management believes it could grow EBITDA by a CAGR of 15% as it implements its growth strategy into 2024. Combine that with a solid 4% dividend, and Algonquin makes for a great TFSA stock for the long run.

Give your TFSA a BAM in 2020

The last TFSA stock to buy, hold, and forget is **Brookfield Asset Management** (TSX:BAM.A)([NYSE:BAM](#)). Combine low interest rates, an economic recession, and low bond yields, and you get a recipe for success for BAM.

It takes a very counter cyclical approach to investing. When economic times get ugly, BAM is quietly buying up the mess and selling it years later for enormous profits.

BAM is an expert at buying distressed assets, fixing them, and turning them into attractive cash cow machines. Today, BAM is primed with \$77 billion of liquidity, so it really has the capacity to move when the deals are hot. It can then leverage its new purchases at very attractive all-time-low interest rates and then collect great spreads on cash flows.

Lastly, institutional capital has nowhere to invest in relatively safe, but attractive yields, then through alternative assets. Brookfield is the expert alternative manager of choice. This stock is set up for some very strong growth, and I wouldn't hesitate to buy it for your TFSA now!

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1. Editor's Choice

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:BN (Brookfield Corporation)
3. NYSE:TU (TELUS)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:BN (Brookfield)
6. TSX:T (TELUS)

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